



WASHOE COUNTY

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CM/ACM JS
Finance CH
DA HK
Risk Mgt N/A
HR N/A
Other N/A

STAFF REPORT

BOARD MEETING DATE: JUNE 28, 2016

DATE: June 15, 2016
TO: Board of County Commissioners
FROM: Doreen Ertell, Risk Management Division
328-2660, dertell@washoecounty.us
THROUGH: Cathy Hill, Comptroller
328-2563, chill@washoecounty.us
SUBJECT: Authorize the Comptroller to renew the Excess Liability Insurance Policy with Insurance Company of the State of Pennsylvania for \$163,456, and pay a broker fee of \$15,000 to Wells Fargo Insurance Services effective July 1, 2016, with funding from the Risk Management Fund. (All Commission Districts)

SUMMARY

We are requesting the Board authorize the renewal of the policy for Excess Liability Insurance with Insurance Company of the State of Pennsylvania for a net premium of \$163,456, and pay a broker fee of \$15,000 to Wells Fargo Insurance Services. The policy is written on an annual term with an effective date of July 1, 2016.

Washoe County Strategic Objective supported by this item: Stewardship of our Community.

PREVIOUS ACTION

On February 14, 2006 and annually thereafter, the Board has authorized renewal of the Excess Liability Insurance Policy with Insurance Company of the State of Pennsylvania for one-year terms.

On May 23, 2006, the Board approved the appointment of Acordia of Nevada, Inc. as the broker of record for the County's property, liability and workers' compensation insurance programs. Wells Fargo Insurance Services has assumed all operations of Acordia in northern Nevada.

BACKGROUND

The Risk Management Division administers all liability claims filed against Washoe County, pursuant to Washoe County Code 65.020. Approved or settled losses, including judgments, are paid from the Risk Management Fund. To protect against large or catastrophic losses, the County purchases excess liability insurance to cover any loss exceeding a selected retention.

AGENDA ITEM # 16

The County has been insured by Insurance Company of the State of Pennsylvania (part of AIG) since 2003. The current policy has a \$5,000,000 limit, excess of \$1,500,000 in retention (deductible), for a premium of \$153,456. The premium includes terrorism risk insurance for a charge of 1%.

Several insurance companies have either stopped providing coverage to government entities over the last few years, or they have significantly pulled back on offering coverage. Since Insurance Company of the State of Pennsylvania continues to provide broad coverage to protect the County from catastrophic loss, the strategy for this year's renewal was to negotiate the premium with the County's current insurance carrier.

In summary, the premium was \$153,456 for 2015 and will be \$163,456 for the upcoming policy term. The primary rating factor for this policy is population, which increased by 3%. The renewal also includes a 3% rate increase. The rate was not increased last year.

Since 2012, the annual broker fee has remained flat at \$15,000 and will remain at \$15,000 for the upcoming policy term. In addition to brokerage services, Wells Fargo Insurance also provides claims advocacy and loss control services.

FISCAL IMPACT

Sufficient budget authority for the renewal premium of \$163,456 and the broker fee of \$15,000 exists in FY 2016-17 in cost center 195053, account 710595.

RECOMMENDATION

It is recommended that the Board of County Commissioners authorize the Comptroller to renew the Excess Liability Insurance Policy with Insurance Company of the State of Pennsylvania for \$163,456 and pay a broker fee of \$15,000 to Wells Fargo Insurance Services effective July 1, 2016, with funding from the Risk Management Fund.

POSSIBLE MOTION

Should the Board agree with staff's recommendation, a possible motion would be:

I move to authorize the Comptroller to renew the Excess Liability Insurance Policy with Insurance Company of the State of Pennsylvania for \$163,456 and pay a broker fee of \$15,000 to Wells Fargo Insurance Services effective July 1, 2016, with funding from the Risk Management Fund.